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The European Union's uneasy journey through the energy crisis

EUROPEAN INSTITUTIONS & POLICIES

Alekos KRITIKOS
Senior Policy Advisor, ELIAMEP; Former senior official, European Commission; former Secretary General, Ministry of the Interior

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HELLENIC FOUNDATION FOR EUROPEAN & FOREIGN POLICY (ELIAMEP)
49, Vasilissis Sofias Ave., 10676, Athens, Greece
Tel.: +30 210 7257 110 | Fax: +30 210 7257 114 | www.eliamep.gr | eliamep@eliamep.gr

Alekos KRITIKOS

Senior Policy Advisor; Former senior official, European Commission; former Secretary General, Ministry of the Interior

Summary

- The European Union revealed rapid reflexes when it came to imposing sanctions on Russia and supporting Ukraine, but has been extremely slow when it comes to taking measures to relieve its own citizens and businesses.
- At three fruitless summits in the first two months of the crisis, numerous member states' repeated requests for a joint fiscal response mirroring that adopted vis-à-vis the pandemic were not even informally tabled.
- In May, the Commission presented the REPowerEU programme, which aims to transition to clean energy and end the EU's dependence on Russian fossil fuels
- The two European Councils in May and June agreed on new sanctions against Russia, further assistance for Ukraine, and joint EU supplies of defence equipment. However, no decision was made to impose a cap on the price of natural gas and the issue of a joint fiscal response to the crisis was not even discussed. Despite repeated requests, the Commission continued to not submit proposals to this effect.
- But pressure was mounting for decisions to be made. Fifteen countries signed a joint letter in September 2022 calling for a cap on gas prices. In a joint article, Commissioners Thierry Breton and Paolo Gentiloni have also called for a joint fiscal response.
- The two Councils of Energy ministers in September 2022 resolved on a series of measures, but these are national responses rather than a joint European initiative. The price cap was absent once again from the decisions made.
- The informal Prague summit did not reach any conclusions either, though it did table all the outstanding issues in question.
- Europe's successes in dealing with the pandemic came with "collateral damages", institutional and otherwise, and the bloc has continued to sustain further collateral damages during the current energy crisis.

Introduction

The first axis included the imposition of sanctions on Russia. The second axis related to the provision of economic and defensive support to Ukraine to help it repel the invaders. And the third axis sought to address energy, and by extension the economic crisis.

There are **three main axes** in the EU response to the Russian invasion of Ukraine. The first axis included the imposition of sanctions on Russia. The second axis related to the provision of economic and defensive support to Ukraine to help it repel the invaders. And the third axis sought to address energy, and by extension the economic crisis brought about among EU member states by the invasion itself, by the broader geo-economic disruption it has caused, and by the consequences of the sanctions imposed on Russia.

The European Union demonstrated rapid reflexes in relation to the first axis. It was also very quick to react when it came to providing economic and defence support to Ukraine. But it has been disappointingly slow in activating the third axis.

Indeed, a review of the timeline of developments[1] shows that the first package of sanctions was decided on 23 February 2022, the day before the invasion was launched, in response to Russia's recognition of Ukraine's Donetsk and Luhansk regions as independent entities. On the very first day of the invasion (24 February), a special EU summit was convened at which a new package of sanctions was passed, and decisions to impose further sanctions continued to be made almost daily through into the first ten days of March. By September, around seven sets of sanctions had been imposed.

The measures to strengthen Ukraine, and its defence capacity in particular, were passed just as quickly. After successive increases, their funding stood at two billion euros at the end of September 2022. At the same time, the EU decided to provide macro-economic financial assistance to Ukraine, which reached a total of €9 billion in September with €10 billion released from the REACT-EU programme for the provision of aid by member states to displaced Ukrainians. Of particular importance was the granting of EU candidate country status to Ukraine.

Some more optimistic commentators began to look forward to a "Hamiltonian" moment for Europe. But the session's outcomes fell far short of such expectations.

However, the energy—and, by extension, economic—crisis brought about in EU member states by the invasion itself, as well as the broader geo-economic disruption it has caused and the consequences of the sanctions imposed on Russia, has not been handled in the same way. And while the need for such measures to be taken was present at every European Council meeting—formal, special and informal—between February and September 2022, the relevant discussions have produced little to no results. The summits attended by councils of ministers competent to deal with this issue have been marked by the same absence of practical results.

Three fruitless summits

The European Council's first request to the Commission "to put forward contingency measures, including on energy" was made in the conclusions of **its special meeting of 24 February 2022**[2]. However, the sanctions against Russia and measures to relieve and strengthen Ukraine had priority at that time, and there was no immediate response from the European Commission. Similarly, at their own extraordinary Council of 4 March 2022[3], Europe's foreign ministers limited themselves to a generalized exhortation "to further reduce the EU's energy dependence from Russia", without deciding on any concrete measures.

[1] European Council (2022), *Timeline - EU response to Russia's invasion of Ukraine,* 12 October 2022 https://www.consilium.europa.eu/el/policies/eu-response-ukraine-invasion/timeline-eu-response-ukraine-invasion/

[2] European Council (2022): *Special meeting of the European Council (24 February 2022) - Conclusions* EUCO 18/22, 24 February 2022, https://www.consilium.europa.eu/media/54495/st00018-en22.pdf

[3] Extraordinary Foreign Affairs Council - Consilium (europa.eu)

Important steps, decisions were postponed in the face of the conflicting interests of various member states.

Subsequently, France, which held the rotating presidency of the EU in the first half of 2022, **convened an informal meeting of EU heads of state and government on March 10–11 at Versailles**. It was there that the first calls for a joint European response, similar to the one provided to the pandemic, were made by President Macron among others. Some more optimistic commentators began to look forward to a "Hamiltonian" moment for Europe. But the session's outcomes [4] fell far short of such expectations.

The participants strongly and unanimously condemned the Russian invasion and expressed their determination to intensify the measures against Russia and Belarus and in favour of Ukraine. On energy, the heads of state and government agreed that they wanted to reduce their dependence on Russian natural gas, oil and coal. But opinions were divided as to when this should occur. The EU leaders concluded by calling on the European Commission to propose, by the end of May 2022, a **REPowerEU plan** for achieving EU independence from Russian fossil fuels. They also called on the Commission to submit by the end of March 2022 a plan aimed at ensuring both the supply of energy and affordable energy prices. The European Council's "Declaration" also recommended the "better use of the EU's financial resources". This vague formulation ruled out the issuing of new mutual debt to deal with the consequences of the war.

The European Council would have to wait several months for substantial proposals from the Commission that could ensure both a sufficient supply of energy and affordable energy prices for the EU as a whole.

Next, it was the turn of the (formal) spring **European Council on 24 and 25 March 2022**. The impression one gets from reading the conclusions[5] of this summit is that, though efforts were made to press ahead with important steps, decisions were postponed in the face of the conflicting interests of various member states.

The alternatives presented by the Commission included the introduction of price caps on energy to satisfy the southern countries, but these would not be mandatory, so Germany and other nations could agree to it. The conclusions also stressed the urgent need to refill the gas storage tanks across the bloc, and it was agreed that member states should work towards a joint gas supply, albeit on a voluntary rather than a mandatory basis. It should also be noted that, in the light of their extensive use of renewable energy sources (RES) and of their poor interconnection with the rest of Europe, Spain and Portugal successfully secured permission to decouple electricity prices on the Iberian peninsula from the highly inflated cost of the natural gas on which the rest of the EU depends.

The Council of Ministers and the Commission were also tasked to discuss as a matter of urgency how "the short-term options as presented by the Commission [...] would contribute to reducing the gas price and addressing its contagion effect on electricity markets, taking into account national circumstances"[6]. The European Council would have to wait several months for substantial proposals from the Commission that could ensure both a sufficient supply of energy and affordable energy prices for the EU as a whole.

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[4] Informal meeting of the Heads of State or Government, *Versailles Declaration*, 10 and 11 March 2022 https://www.consilium.europa.eu/media/54773/20220311-versailles-declaration-en.pdf

[5] European Council (2022). *Conclusions - 24 and 25 March 2022* https://data.consilium.europa.eu/doc/document/ST-1-2022-INIT/en/pdf

[6] European Council (2022). *Conclusions - 24 and 25 March 2022,* EUCO 1/22 https://data.consilium.europa.eu/doc/document/ST-1-2022-INIT/en/pdf

The Commission proposes the REPowerEU programme

In response to the request made at the informal summit in Versailles, the Commission presented its communication on the **REPowerEU** plan on 18 May[7]. According to the Commission, the REPowerEU plan seeks to transform Europe's energy system with a view to transitioning to clean energy and ending the EU's dependence on Russian fossil fuels.

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Thus, the plan included measures designed to economize on energy consumption in business and transport, to diversify Europe's energy supply, and to increase the use of renewable energy sources with a focus on solar energy (with the mandatory installation of photovoltaic panels in new buildings), heat pumps, and European hydrogen production; however, almost none of these measures would be fully implemented before 2030.

According to the Commission's calculations, the investment required for the REPowerEU plan would be in the region of €300 billion. To cover this amount, the Commission suggested that the "unclaimed" €225 billion in Recovery Fund loans be used. It also proposed a voluntary transfer of around €37 billion from the Structural Funds, the Common Agricultural Policy, and the Innovation Fund. The only truly additional funding would be limited to €20 billion, which would come from EU Emissions Trading System.

The special meeting of the European Council on 30–31 May 2022[8]: a "reasonably successful" meeting

The main issue at stake at this meeting was the proposal for an embargo on Russian oil and the search for a solution that would convince the Hungarian Prime Minister to lift his veto on such a decision. The compromise reached (a ban restricted to the importation of Russian oil by sea, so as not to negatively impact on the three landlocked countries that depend almost entirely on Russian oil delivered by pipeline) certainly appeased Orbán, but questions have to be asked about its effectiveness.

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The import ban did not, of course, include natural gas—the northern Europeans led a spirited defence there—, while the demand for a cap on the price of natural gas was not met, but was referred instead, for appearances' sake, to the Commission for consideration.

The European Council agreed to the Commission's proposal and the REPowerEU plan. However, no provision had been made for the funds required to cover the intended reduction in electricity prices, as a result of which some countries, including Greece, announced that this expenditure would have to be covered by national resources, which it subsequently was.

In its other business, the European Council of 30–31 June emphatically reaffirmed its support for Ukraine, referring for the first time to the nation's post-war reconstruction and resolving

[7] European Commission (2022). *Communication from the Commission to the European parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions - REPowerEU Plan*, COM(2022) 230 final, https://eur-lex.europa.eu/resource.html?uri=cellar:fc930f14-d7ae-11ec-a95f-01aa75ed71a1.0001.02/DOC_1&format=PDF

[8] European Council (2022). *Special meeting of the European Council (30 and 31 May 2022) - Conclusions*, EUCO 21/22, https://www.consilium.europa.eu/media/56562/2022-05-30-31-euco-conclusions.pdf

inter alia to provide an additional €9 billion in support. The European Council also called for international coordination to ensure food security for the bloc and discussed European security and defence issues, calling on the Council—and this was significant—to urgently consider both making short-term joint purchases of defence materiel to replenish the relevant supplies, and developing strategic defence planning, though this should be complementary to NATO.

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Mario Draghi had described this meeting as "reasonably successful", thereby indicating that he probably expected—and wanted—more without seeming disappointed. Which is how most people saw it: while they weren't terribly disillusioned, they definitely weren't enthused, either.

The summer European Council of 23–24 June 2022

The formal summer **European Council of 23–24 June 2022**[9] took place three weeks later. This time round, the discussion about the European Political Community, the granting of candidate country status to Ukraine and Moldova, and the recognition of Georgia's European perspective stole the show. The euphoric reaction to this decision was certainly not shared by the Western Balkan leaders, who did not hide their bitterness at their own European perspective being postponed yet again, however flatteringly the decision was couched.

A large part of the conclusions was taken up by statements of support—including military support—for Ukraine, but also by decisions relating to new economic assistance for the embattled nation. These were accompanied by statements condemning Russia and calls from all present for the sixth package of sanctions to be implemented.

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But alongside the important results achieved at this meeting of the European Council, and despite the explicit call for action made at the previous meeting, a direct European response to the problems was once again conspicuous by its absence. Berlin was still not ready to accept such a discussion taking place, let alone a decision being taken to that effect. At this meeting, the Council thus limited itself to reiterating its invitation to the Commission for the third time "to explore with our international partners ways to curb rising energy prices, including the feasibility of introducing temporary price caps where appropriate". The Commission promised to respond by the end of September, with a view to its proposals being examined by the meeting—or meetings—in October.

Mario Draghi requested an extraordinary summit in July, on the grounds that October might be too late, but his request went unheeded. The elections in Italy largely confirmed his prediction, at least as far as his own country was concerned. With the patience of most member states now clearly running out, all eyes were now fixed on the upcoming September meeting.

Two important decisions

In an important decision taken by the Council of Energy Ministers on 27 June 2022, the **regulation with regard to gas storage** was approved, which "aims to ensure that, despite the disruptions observed in the gas market, gas storage facilities in the EU are replenished before

[9] European Council (2022), *European Council meeting (23 and 24 June 2022) - Conclusions*, EUCO 24/22, https://www.consilium.europa.eu/media/57442/2022-06-2324-euco-conclusions-en.pdf

The fact that the filling rate of the gas storage facilities in the EU has already reached 90% by September, rather than November, which was the target set, must largely be credited to this decision.

the winter season and that member states share gas in a spirit of solidarity"[10]. The fact that the filling rate of the gas storage facilities in the EU has already reached 90% by September, rather than November, which was the target set, must largely be credited to this decision.

Another important decision was taken on 5 August and concerned the **adoption of a regulation[11] on "coordinated demand reduction measures for gas"**. Specifically, a voluntary 15% reduction in gas demand between 1 August 2022 and 31 March 2023 was agreed, and the possibility foreseen of the Council declaring a "Union alert" as regards the security of its gas supply and making this reduction in gas demand mandatory. However, the resolution allows for so many exceptions, it effectively applies to only half the EU, leaving the rest of the bloc beyond its scope. This is what makes this decision so interesting, but also so dangerous: it could very well mark the start of a worrying and potentially perilous tactic whereby decisions can have only partial applicability, being binding only on those member states who agree with them and exempting the rest.

These decisions, though important, have proven insufficient to reassure the majority of governments. As a result, leaders and ministers have now begun to fight over who gets to declare themselves in favour of the need to find a joint European solution.

In search of "creative" financing tools

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The criticality of the situation has encouraged afresh those who, at the start of the crisis, advocated the creation of a new energy crisis fund along the lines of the Recovery Fund set up to deal with the consequences of the pandemic. And that would clearly be the best solution. Nonetheless, and despite the growing pressure, it was far from certain, especially in the current unfavourable economic situation, that the "net contributors" to the European budget would not accept a solution that both increased their contributions and “perpetuated” solutions of the Recovery Fund type in practice, which is something they wanted to avoid at all costs. As a result, they began to search for alternatives. Seeking to contribute to this search, the author of this paper proposed the following solution[12]:

The "unclaimed" €225 billion in Recovery Fund loans (which has already been transferred, in any case, to REPowerEU) should be converted into grants and used to finance the European response to the energy crisis.

This solution has the following advantages which make it more 'palatable' for everyone:

- It does not require the creation of a new Fund.
- It does not change the ceiling of the annual EU budget for 2021–2027 as a percentage of the bloc's GDP and does not change the total of its multiannual financial framework.

[10] European Parliament and Council of the EU (2022). *Regulation (EU)2022/1032 of the European Parliament and of the Council of 29 June 2022 amending Regulations (EU) 2017/1938 and (EC) No 715/2009 with regard to gas storage,* https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1032&from=EN

[11] Council of the EU (2022*)*. *Regulation (EU) 2022/1369 of 5 August 2022 on coordinated demand-reduction measures for gas,* Official Journal of the European Union L 206/ 8.8.2022
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R1369&from=EN

[12] Kritikos, A (2022), *Δημιουργικοί τρόποι ευρωπαϊκής χρηματοδότησης της ενεργειακής κρίσης* [Creative forms of European financing for the energy crisis], Kreport 01.9.2022 and *“REPowerEU: Αναζητώντας «δημιουργικούς» τρόπους χρηματοδότησής του”* [REPowerEU: Seeking "creative" ways to finance it], Insider.gr 19.5.2022
https://www.kreport.gr/2022/09/01/dimiourgikoi-tropoi-evropaikis-chrimatodotisis-tis-energeiakis-krisis/?utm_source=mailpoet&utm_medium=email&utm_campaign=paraskeyh-292022-1377 and https://www.insider.gr/opinion/227536/repowereu-anazitontas-dimioyrgikoys-tropoys-hrimatodotisis-toy

- In any case, any increase in contributions to the EU budget will relate to the next multiannual financial framework (MFF), given that the grace period of the Recovery Fund extends until the end of the period of application of the current MFF.

The criticality of the situation has encouraged afresh those who, at the start of the crisis, advocated the creation of a new energy crisis fund along the lines of the Recovery Fund set up to deal with the consequences of the pandemic.

- It is not taking anything away from the current potential beneficiaries of the "unclaimed" loans totalling €225 billion, since they did not want them and it has been agreed, in any case, that they should be transferred to the REPowerEU plan.

- Using the loans as grants means that no additional burden will be placed on countries that are already indebted.

- Such a solution is not unrealistic, given that the original Franco-German and Commission proposal for the Recovery Fund foresaw grants of 500 billion euros, not the 390 billion euros that were eventually passed due to the intransigence shown by the 'frugal four'.

- The €225 billion in grants will be available (and thus of interest) to all member states, and their distribution may be based on a criterion derived from the needs created in each Member State by the energy crisis, weighted by the capacity of each country to respond using its own funds.

The inevitable disadvantage of this solution is that it requires an amendment of the decision of 14 December 2020 on the EU's own resources, though only of that part which provides for a 390/360 ratio between RRF grants and loans. Nonetheless even this amendment will have to be approved by the parliaments of all 27 member states, and therefore runs the risk of being used as a "hostage" by certain member states, as was the case in 2020. Still, any solution involving additional financing will run into the same problem—namely the need for all 27 member states to unanimously agree on the increase in the multiannual financial framework and for every national parliament to accept the raising of the own resources ceiling—, and perhaps to an even greater degree.

The "unclaimed" €225 billion in Recovery Fund loans (which has already been transferred, in any case, to REPowerEU) should be converted into grants and used to finance the European response to the energy crisis.

The proposed solution would become more 'palatable' still if the decision on the EU's own resources, which is to be amended in any case, also included the introduction of some new own resources (from those that are already under consideration or others), thus reducing or even eliminating the direct burden on "net contributors" to the EU budget in the future.

Of course, this solution removes the 225 billion in loans from the REPowerEU plan, though this will not be implemented before the start of 2023. Moreover, the actions of this programme have a medium- to long-term perspective, and thus lack the urgency required of a joint response to soaring energy prices. As the financing of the REPowerEU plan will be spread over several years, one solution would be to cover the amount with loans from the European Investment Bank (whose terms are also favourable, albeit less so than those of the Recovery Fund).

The Czech presidency in a race to find a solution

The Czech presidency hurriedly convened a **special meeting of EU energy ministers on 9 September** to "discuss concrete emergency measures to address the situation in the energy sector". Struggling to catch up with developments, the European Commission rushed to promise, to present its proposals, initially at the end of September and subsequently, under increasing pressure, on 14 September, to coincide with the delivery of the State of the Union address to the European Parliament. In either case, the Council of Ministers would be meeting on 9 September without a Commission proposal on the table.

But once again, the common European response expected by most member states, along with its funding, was not forthcoming.

But the pressure had mounted to the point that the Commission President had no choice but to announce a raft of proposed measures on 7 September[13]: smart savings of electricity, a cap on the revenues of producers producing electricity at a low cost, a cap on windfall profits from fossil fuels, facilitating member states' provision of liquidity support to energy companies, and a cap on the price of Russian gas.

Finally, the long-awaited discussion took place on the basis of a note from the Czech presidency and a non-paper from the Commission. It identified four main areas in which member states expected the Commission to act. These included limiting the revenues of electricity producers with low production costs, a possible cap on the price of gas, measures to reduce the demand for electricity in a coordinated way across the EU, and measures to help solve the issue of reduced liquidity.

Rendering its proposals more specific, **the Commission then submitted a proposed Regulation** "on an emergency intervention to address high energy prices"[14]. But once again, the common European response expected by most member states, along with its funding, was not forthcoming. Furthermore, there was no mention of an immediate cap on the price of natural gas. The creation of a European Hydrogen Bank was also announced, whose mission it would be to provide guarantees for hydrogen purchase through the use of Innovation Fund resources.

The energy ministers of fifteen member states proceeded with the publication of a joint letter [...] for a cap on the wholesale price of natural gas.

Displaying admirable stamina, the Czech presidency announced that it would be convening another **extraordinary Council of Energy Ministers on 30 September** to discuss the Commission's proposals. But the pressure on European economies and societies continued to grow in the meantime. For this reason, the energy ministers of fifteen member states[15] proceeded with the publication of a joint letter[16] on 27 September in which they asked the Commission to present a proposal for a cap on the wholesale price of natural gas in view of the upcoming extraordinary Energy Council meeting. Like the similar move made at the start of the pandemic, this initiative set aside the usual procedures.

In the same vein, two top Commissioners—the French Commissioner for the Internal Market, Thierry Breton, and the Italian Commissioner for Economy, Paolo Gentiloni—broke with the Commission's collective tradition (for the second time—the first was also during the pandemic) and, 'acting autonomously', co-wrote an article in the *Frankfurter Allgemeine Zeitung*[17] in which they argued the need for a 'European fiscal response with mutual instruments at the European level', clearly meaning a repeat of the Recovery Fund undertaking.

At the extraordinary Council of Energy Ministers on 30 September, the 27 ministers agreed, on the basis of the Commission's proposals, to (a) reduce demand for electricity, (b) introduce a cap on market revenues for generating electricity using different technologies, (c) impose a mandatory temporary solidarity levy on the profits of companies operating in the fossil fuel

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13 https://ec.europa.eu/commission/presscorner/detail/el/speech_22_5389

14 European Commission (2022), *Proposal for a Council Regulation on an emergency intervention to address high energy prices*, COM(2022) 473 final, Brussels 14.9.2022https://eur-lex.europa.eu/legal-https://eur-lex.europa.eu/legal-content/EL/TXT/PDF/?uri=CELEX:52022PC0473&from=EN

15 Belgium, Bulgaria, Bulgaria, Croatia, France, Greece, Italy, Latvia, Lithuania, Malta, Portugal, Poland, Romania, Slovakia, Slovenia, Spain and Spain

16 https://twitter.com/PrimeministerGR/status/1574996835235954688?ref_src=twsrc^tfw|twcamp^tweetembed|twterm^1574996835235954688|twgr^faf7c0a94afe08a03f802ac0e6525bc0e5a07f23|twcon^s1_&ref_url=https://www.iefimerida.gr/oembed?url=https3A2F2Ftwitter.com2FPrimeministerGR2Fstatus2F1574996835235954688provider=twitter

17 https://www.faz.net/aktuell/wirtschaft/nur-eine-europaeische-antwort-kann-unsere-industrie-und-die-buerger-schuetzen-18359695.html

Instead of the joint European response—and funding […] national responses have once again been proposed.

sector, and (d) take measures to support small and medium-sized enterprises[18]. Let it be noted that all these measures will be implemented by the member states themselves, individually and on a domestic basis. So, instead of the joint European response—and funding—that many have been calling for and expecting for months, toeing the Commission line, national responses have once again been proposed with resources generated, collected and redirected domestically by each member state individually. Needless to say, yet again the ministers did not discuss the introduction of a European cap on the price of natural gas, nor, of course, any additional funding.

Berlin, attending to its own interests alone, decided, while continuing to actively impede any discussion of a Europe-wide cap on the price of natural gas, **to allocate 200 billion euros** to financing a cap on the natural gas price in Germany.

But this unilateral approach to the problem on Germany's part not only displays a lack of solidarity, it also poses a major competition issue. A large part of that €200 billion will be given as direct or indirect support to German companies, which gives them a clear competitive advantage over businesses in other EU countries that do not have access to similar funding. Which is what happened during the pandemic, too. So, apart from impeding the taking of the necessary decisions, by taking this attitude Germany is also destabilizing two cornerstones of the European project: solidarity and free competition. And it was heavily criticised by almost all its EU partners for doing so.

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The informal European Council in Prague

The **informal Prague summit took place on October 6-7**. The first day was also attended by the 17 countries which, together with the 27 EU member states, will form the European Political Community. The burning issue of addressing the energy crisis was one of the items on the agenda for the summit's second day, though no decision was taken **or even constructively discussed,** and no official press communication was made on the progress of the discussion. However, irrespective of this apparent stasis, all the issues relating to how to tackle the energy crisis were on the table at the summit: a cap on the price of gas, additional joint financing, a single energy supply, and energy market reform. According to unofficial sources, these issues would be included in the proposal the European Council was awaiting from the Commission. While they might not agree on the precise measures, everyone now accepted the need for an urgent decision on these issues. The silence that followed the session spoke volumes.

The informal Council of Energy Ministers that met on October 11–12 in Prague did not reach a decision of any sort; indeed, at first sight at least, it seemed to negate any optimism the informal summit that preceded it may have given rise to. Apart from an agreement in principle on joint gas supplies, the remaining issues were referred to a new extraordinary Energy Council in November, with no mention of a gas price cap or joint fiscal response. For its part, the Commission has outlined the measures it will propose: replacing the Title Transfer Facility (TTF) with a new natural gas benchmark in Europe, a mechanism for joint gas supplies, solidarity agreements between member states to ensure an adequate supply, and a "temporary mechanism for reducing the price" of natural gas, if the EU's negotiations with its reliable suppliers fail to lead to lower prices. However, all of the Commission's proposals leave enough wiggle room for it manoeuvre in accordance with the balance of power that emerges at the European Council on 20 and 21 October. The proposals[19] presented by the Commission on 18 October were far clearer, but only responded in part to the demands of the fifteen member

[18] https://www.consilium.europa.eu/en/press/press-releases/2022/09/30/council-agrees-on-emergency-measures-to-reduce-energy-prices/
[19] https://ec.europa.eu/commission/presscorner/detail/en/IP_22_6225.

states for a price cap. Thus, while they include a key provision relating to joint natural gas supplies and the mutual coverage of shortages, they lack any reference whatsoever to a joint fiscal response; the use of 40 billion euros from the existing resources of the Structural Funds was proposed in lieu. The **next word will now be** at the European Council of 20–21 October. It will become clear at this meeting whether a meaningful response to the energy crisis is in the offing, or whether the EU will continue on its uneasy journey.

Successes but also collateral damages: A review by way of a conclusion

To date, crises have strengthened the united Europe, a conclusion that chimes with Jean Monnet's famous quote. The latest confirmation of its truth came about during the pandemic crisis, with the historic decision to issue mutual debt and create the Recovery Fund (RRF)[20]. According to Pagoulatos[21] "...the joint fiscal reaction to the Covid-19 crisis demonstrated that... the European Union maintains an indomitable survival instinct, drawing on the formidable political capital invested in its creation and preservation". Is it fair to expect the current crisis to confirm it yet again? Yes, but we can’t be sure it will. An overall evaluation of the course charted through this crisis by the EU will also depend on the "collateral damage" that's left behind when the crisis if finally at an end, even if the outcome is 'positive'.

The first instance of collateral damage, which was noted during the pandemic and is now being repeated during the current crisis, is the Commission gradually moving away from exercising its right of legislative initiative.

Looking back at the eight months that have gone by since the Russian invasion of Ukraine, it is clear that there has been collateral damage of this sort, mainly at the institutional and political level. Similar damage was done during the pandemic crisis, but this was overshadowed by the aura of the historic decisions that were ultimately taken to deal with it. However, its repetition during the current crisis may prove to have a cumulative effect that becomes a cause for concern. And in this case, we cannot know whether the anticipated successes will be of a sufficient magnitude to reduce the relative significance of this new damage.

The first instance of collateral damage, which was noted during the pandemic and is now being repeated during the current crisis, is the Commission gradually moving away from exercising its right of legislative initiative. During both crisis periods, the initiative (including the setting up of the Recovery Fund) has been taken either by specific member states (in the case of the Recovery Fund) and the rotating presidencies of the Council, or by ad hoc groups of member states and, in most cases, by non-formal institutions (Eurogroup) and primarily by the European Council, which is emerging as a "constitutional architect"[22] of the EU. In other words, intergovernmentalism is increasingly gaining ground at the expense of the “community method”. Is this an exception, the result of what many consider the reduced stature of the European Commission's current leadership, or might this be the route that will be followed henceforth towards building a united Europe? Could it be that, as Wessels[23]wonders, "the problem-solving instinct of political leaders leads to a more extensive use, and innovative creation, of new Union instruments"? It is probably too early to draw firm conclusions. However, until the two sequential crises hit at least, the course of the EU indicated that European integration presupposes the development and consolidation of supranational structures, such as the European Commission, and not ad hoc intergovernmental arrangements, even if these have produced significant outcomes in recent years.

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[20] Kritikos, A. (2021). *Η Πολιτική Συνοχής της Ευρωπαϊκής Ένωσης- Η εξέλιξή της στις μεγάλες στιγμές της ευρωπαϊκής ενοποίησης* [The EU's policy of cohesion - Its evolution through the great moments of European integration], pp.212-224, Eptametro, Athens.
[21] Pagoulatos, G. (2022). "Integrating through crises: revisiting the Eurozone reform conundrum", in *Europe's transformations: essays in honour of Loukas Tsoukalis*, OUP, Oxford.
[22] Wessels, W. (2022). "The European Council as a transformative force", in *Europe's transformations: essays in honour of Loukas Tsoukalis*, OUP, Oxford.
[23] ibid

The attitude of many member states, expressed through individual initiatives of the "every man for himself" type, could be considered another instance of "collateral damage". In the absence of a joint European response, European countries have devoted, and continue to devote, a significant proportion of their budgets to energy support measures for consumers and businesses, each acting on its own behalf and, above all, in line with its own budgetary means. Clearly, this is not optimal for cohesion within Europe and for the prospects of the European project as a whole.

Everyone involved seems to be ignoring the fact that "fatigue" on the part of Europe's voters could lead to unpredictable and uncontrollable reactions.

The individual response to the problems caused by the energy crisis took on worrying proportions when Germany decided to make 200 billion euros available to introduce a cap on the price of natural gas within Germany, thus unilaterally supporting German companies in addition to consumers and causing a blatant distortion of competition at the European level. And this as Berlin continues to oppose even discussion on setting up a European funding mechanism.

Germany (but also the Netherlands, Denmark and Hungary) has taken a similar attitude towards both the introduction of a European cap on the price of natural gas and the proposed repeat of the Recovery Fund undertaking, where it continues to promote what it considers its national interest at the expense of the entire European project. It is logical that the unfavourable economic situation, the Germans' deep-seated fear of unprecedented inflation, and their economy's dependence on natural gas should feed into, and possibly even justify, Berlin's wary response to the aforementioned proposals. But what must clearly be called into question—and developments will prove this—is their weighing up of the pros and cons.

But over and above Germany's extremely guarded response, the European Commission must also shoulder part of the blame for the delay in taking the necessary decisions. Various explanations have been proposed for this stance, and in particular for the attitude of the Commission President, but it is still too early to plumb for any of them. What is striking is the silence to date of the European Parliament, especially given its loquacity during the pandemic. Everyone involved seems to be ignoring the fact that "fatigue" on the part of Europe's voters could lead to unpredictable and uncontrollable reactions, causing further "collateral damage"—though, in this case, such damage could prove fatal.